

# EXHIBIT D

AFFIDAVIT

I, Timothy Nugent, being duly sworn, state as follows:

1. I am a citizen of the United States and a resident of the State of California.
2. I am a Special Agent with the Internal Revenue Service's Criminal Investigation Division (IRS-CID), and have been so employed since 1994. Upon joining the IRS, I received training in a wide array of criminal offenses at the Federal Law Enforcement Training Center and the Federal Bureau of Investigation Academy, including white collar offenses such as mail fraud, wire fraud, money laundering and tax evasion. I have also had specific training in the identification and investigation of frauds involving elderly victims. I have been involved in many investigations of this type. I have also been involved in more than a hundred investigations of financial crimes.
3. My duties as an IRS-CID Special Agent included participation in the investigation of SONNY VLEISIDES in the case of United States v. SONNY VLEISIDES, et al., Case No. CR 07-134. As a case agent in this investigation, I have become familiar with the facts of the investigation involving the criminal activity of VLEISIDES.
4. SONNY VLEISIDES is charged in an indictment filed in the United States District Court for the Central District of California on February 28, 2007, with eleven counts of mail fraud, in violation of Title 18, United States Code, Sections 1341 and 2, and twelve counts of money laundering, in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.
5. A joint investigation involving the IRS-CID and the United States Postal Inspection Service (USPIS), revealed that from at least 1990 through July 2006, SONNY VLEISIDES, James Ray Houston, Dennis Emmett, William Cloud, Henry

Walther, Scott Henry Walther, and others committed a massive international lottery scam using the following company names: Shamrock Agency, German Swiss Group, World Expert Fund, Mutual Medical Insurance Co, Old Amsterdam Trust Co, Euro American Fax Co, European Union Commission, EU American Payment Co, Global Search Network, North American Foreign Payments Services, Worldwide Verification Service, and others. VLEISIDES ran the scheme along with Houston and Emmett. VLEISIDES, Houston and Emmett, who were all located in Costa Rica, worked with mailing houses which, at the direction of VLEISIDES, Houston, and Emmett, sent out tens of thousands of mailings to victims in the United States, many of whom were elderly. The mailings contained false statements, half truths, and omissions, and induced the victims to participate in various international lotteries, falsely stating that if the victims participated, they were guaranteed to win or had a very good chance to win. The mailings directed the victims to send their money to Ireland, and the Netherlands, among other locations, where William Cloud had set up addresses with commercial mail receiving agencies and individuals to forward the money, eventually, back to the United States. After receipt at the commercial mail receiving agencies, the victims' money was sent to Henry Walther, who, along with his son Scott Henry Walther, deposited the money into various bank accounts and then distributed it as directed by VLEISIDES, Houston, and Emmett. Some of the money was spent on furthering the criminal activity. Some of the money was paid out to victims in small-dollar checks that the co-schemers misrepresented to be lottery winnings. The rest of the money was paid out to the co-schemers and others for their own use. VLEISIDES and the other defendants did not buy any lottery tickets, and the vast majority of the victims lost the money they sent. The total loss from the scheme is in excess of \$19 million.

6. I have spoken with the other case agents and reviewed the evidence collected during the investigation, including agent reports of victims and participants in the scheme, and evidence seized from several search warrants executed in the United States in July 2006.

Victim Statements

7. Many victims of the scheme were interviewed. Some typical victim statements are as follows:

8. Clarence Enge

a. Amy Von Freyman stated that her grandfather, Clarence Enge, who is in his 80s, received letters via the United States mail from companies soliciting his participation in foreign lotteries. Since 1997, Enge had sent \$600-\$1200/month to such companies, including to OLD AMSTERDAM and SHAMROCK AGENCY. In order to continue his participation he refinanced his home. Von Freyman had at least 45 unopened letters that had been mailed to her grandfather from companies including WORLD EXPERT and SHAMROCK AGENCY. These letters were addressed to Clarence Enge from "World Expert-Licensed Agent" (no return address), "The Shamrock Agency" with a return address of "C12 Smithson Industrial, Estate Shannon Co Clare, Rep of Ireland" and "Global Search Network, c/o Inter-European Insured Delivery." The mailings were sent to Enge via the US Mail using regular first class stamps. The postmarks on the envelopes had dates ranging between 1998-2003, from Little Rock, Arkansas, and St. Louis and Kansas City, Missouri.

b. One letter from World Expert Fund-Licensed Agent, addressed to Enge, was postmarked from Little Rock, Arkansas, dated "13 Jun 2002." The envelope contained: A colorful solicitation for "The Giant Bunderschmidt," which contained

phrases like: "Almost every third number wins in the 8<sup>th</sup> annual Bunderschmidt European Lottery Marathon;" "Win big with as little as 1 a week!", "A grand total of \$251,548,908 in prizes. Add to this all the promotional prizes involved, and you have an unprecedented Quarter Billion Dollar European lottery bonanza," "A full 30% of all tickets will win!", "Official European Lottery," "WORLD EXPERT FUND-BERLIN GERMANY Bunderschmidt-Licensed Agent," "Make checks payable to World Expert Fund."

c. Also included were two "official receipts" for the "Euro Cities Capital 7 game." This official receipt provided a "ticket ID number" and stated that: "This is your official receipt for 30 consecutive days in the Euro-Cities Capital 7 game. Your numbers are shown in the windows above. Prizes will be paid in US dollars and checks will be mailed to you within 10 days by the licensed agent drawn on a U.S. Bank." On the bottom of the receipt in small writing was "Licensed Agent: World Expert Fund, Berlin-Amsterdam-Tokyo, International License # EC-51G04." The back of the receipt stated, "The European Union Group of Eight is an international lottery cooperation association limited to the members of the European Union only. Sale of official lottery tickets . . . are licensed to the following organizations: [1] The Shamrock Agency of Shannon Ireland . . ."

d. A "Mail Order Request Form" was also included with the solicitations. On this form were lines to write a credit card number with the expiration date. The form stated that the charge would appear on the bill as "EURO AMERICAN."

e. An envelope that was included was preaddressed to "PROCESS CENTER, PO BOX 10006, 1001 EA, AMSTERDAM, THE NETHERLANDS."

f. Another envelope was postmarked September 5, 2002, from St.

Louis, Missouri. The sender was "WORLD EXPERT-LICENSED AGENT." The envelope contained a letter entitled "A SPECIAL MEMO FROM R.L. DOORNE," which claimed to be "electronically transmitted from Berlin." The letter stated, "We have combined and recorded your purchases of fractional tickets in the \$250 million 'BUNDERSCHMIDT' 13 Week European Lottery Marathon." The letter stated: "HOW IT ALL WORKS: In the computerized ticket entry system of which our syndicate is a part, only computerized ticket numbers are issued - NO PAPER. The drawings are done over a 13 week period which began on Saturday, July 6, 2002." The letter goes on to explain that Enge's ticket had not won but stated, ". . . If you are yet to win a prize your ticket will be marked 'Still Valid'." According to the letter Enge's ticket was marked "Still Valid." The letter stated: "REMEMBER, 30% of all tickets will WIN before the 13 weeks are finished."

g. Many other envelopes provided by Von Freyman had solicitations similar to those described above, from companies including GLOBAL SEARCH and SHAMROCK AGENCY.

9. Paul Greven

a. When interviewed, Paul Greven stated that he had sent checks to EURO AMERICAN to play foreign lotteries. He was not sure of the total amount he had sent. Greven said he had won only a small amount in the form of small dollar amount checks that he reinvested into the lottery. The companies with which he was involved included the Irish Sweepstakes and EURO AMERICAN. Greven pointed out that the solicitations looked professional and they "make it sound so good and easy to win." Greven provided two binders full of documents, which contained the following, among other things:

i. A letter addressed to Greven stating it is an "Official Announcement of Winning Tickets in the 2003 Irish Sweepstake Triple Crown." The letterhead indicated it was from "The Shamrock Agency" and claimed it had been a "Certified Service since 1959." The letter stated: "Millionaires by the score! We have just finished round one of the verification process of the Triple Crown 118 major Jackpot winning tickets. Enclosed is a list of the winning numbers. Congratulations to the jackpot winners. . . ." The letter informed Greven to be patient for "round 2 of the winning verification process" but encouraged him not to ". . . delay in getting the 'Jump' on next year's Triple Crown millions (order form enclosed)." It also stated that the Triple Crown was unlike any other lottery because players could be sure there is no ". . . 'Inside corruption' or 'secret trick' . . ." The letter was signed by "Sir William Winfield, Northup Manor, Shannon Ireland."

ii. Another letter was related to the El Gordo lottery and was from a man named "Wilhelm C. Cashman." The letter claimed that Cashman was offering more chances to win by "refunding" his commissions and fees by giving a 25% discount in the cost of additional ticket positions purchased. The end of the solicitation stated, "I truly want to see you win big so please let me hear from you right away to allow necessary time for international mail delivery."

iii. Other solicitations were from OLD AMSTERDAM and MUTUAL MEDICAL. These solicitations started by claiming that Greven had won money, which gave him the opportunity to become a member of "our medical mutual Pension insurance Trust." The solicitations claimed that by endorsing the \$600 bank draft, Greven, ". . . will begin to receive a pension annuity check for the rest of your life . . ." At the end of the solicitation the reader was instructed to endorse the investment

draft along with a "check or M.O. or credit card slip for \$112 . . ." and to make the check payable to "SHAMROCK AGENCY." A second solicitation was almost identical, including the graphics, but at the end instructed the victim to make checks payable to "WORLD EXPERT". On one of these solicitations were the words "International Pension Fund Audit Bureau" encircling the US Treasury seal. Another letter for MUTUAL MEDICAL read, "Everything appears to be in order and your LIFE INSURANCE is now in force. However your first PENSION DIVIDEND in the amount of \$112 has been delayed . . . The INSURANCE DEPARTMENT has been unable to VERIFY your BIRTH in the international BIRTH CERTIFICATE computer database . . . If you have a PHOTOCOPY of your BIRTH CERTIFICATE at home, we can RELEASE your first PENSION DIVIDEND immediately upon receiving this document."

b. Greven received two checks with a payor of NORTH AMERICAN PAYMENT made payable to Greven. One check was dated July 12, 2002, and was for \$55, and the other was dated November 30, 1999, and was for \$52. The 2002 check was from a US Bank account in the name of NORTH AMERICAN PAYMENT, which was one of the bank accounts opened by one of the co-schemers of SONNY VLEISIDES. The words, "account closed" were stamped across the front of the check.

c. Greven had other solicitations, including some from GERMAN SWISS.

10. Paul Wood

a. When interviewed, Paul Wood stated that he had been involved with WORLD EXPERT for about five years. He had played lotteries with them and obtained a form of life insurance from WORLD EXPERT. Woods stated the insurance from WORLD EXPERT FUND was known as the "Gold Reserve Fund." For this he sent

\$29 per month to the Netherlands to pay for retirement/life insurance. Statements he had received showed that he had approximately \$4,000 in his account.

b. Some of the solicitations Wood received were the following:

i. A letter was postmarked May 27, 2005, from Little Rock, Arkansas. Inside was a cash rebate grant related to WORLD EXPERT and the German Lottery. The rebate grant looked like a check from Inter World Bank. However, on the endorsement section of the check were the sentences, "Do not deposit in US Bank. Return to Berlin for cashing." The letter stated as follows: "GERMAN GOVERNMENT IS GIVING YOU A ONCE IN A LIFETIME OPPORTUNITY!! The **German Lotto** has grown enormously in an extremely short period of time making it one of the RICHEST lotteries offered to people today. Prize payouts now approximate as much as the equivalent of **\$915 MILLION U.S. DOLLARS** yearly. With such a positive turnover, even under the worst conditions, you are almost guaranteed to win money by joining this SPECIAL FUND we've created to invest in this easy to win German Lottery. **REMEMBER:** This game is NOT stretched out for several months. You will receive your prize check in 21 days. Just fill out the enclosed green FUND OWNERSHIP CERTIFICATE, mail it back to us, and within twenty one days you will receive a check for what could be as much as \$658,000 U.S. Dollars as your share of the total won by this SPECIAL FUND." The letter went on to solicit money: "**REMINDER:** The rules of this promotional cash award require you to endorse the check and include it along with the balance of \$27,29 and the enclosed \$38 ONE PERCENT CERTIFICATE."

ii. Also in the letter was a gold sticker that claimed to be a seal from the "ELBC, European Lottery Brokers Commission," which "certifies your purchase

is authentic and insured from fraud. . . ." Wood believed the seal represented that the venture was legitimate.

11. Betty Bedwell

a. When interviewed, Betty Bedwell stated that she had received mailings from SHAMROCK AGENCY, EURO FUND, and OLD AMSTERDAM. She had written checks to each company except Euro Fund. When writing a check to Euro Fund she made it payable to WORLD EXPERT FUND. Bedwell received checks from EURO AMERICAN PAYMENT on behalf of WORLD EXPERT, Berlin, Germany, but was encouraged to and did reinvest the checks by mailing them back to the Netherlands. Bedwell believed she was playing a foreign lottery that actually had a chance of winning. She was encouraged to continue sending money by the stories of people winning told in the solicitations. Bedwell also sent check #104 to OLD AMSTERDAM, which was to establish a pension that she could leave as an inheritance for her grandchildren.

b. One letter that Bedwell received, which was signed by "Lee Ping, Secretary Treasurer," had a heading that stated: "OLD AMSTERDAM GOLD RESERVE MUTUAL PENSION POOL, Established in 1957." The letter stated in part the following: "As Secretary Treasurer it is my great pleasure to inform you that your application for PENSION POOL membership has been approved by the BOARD OF DIRECTORS. As a new MEMBER you will soon receive your first PENSION DIVIDEND CHECK. But first it is important that you review the enclosed information carefully and NAME the person who is to be your Beneficiary. . . . Just follow the instructions on the back of your INSURANCE POLICY. This special insurance is FREE to all members and will give your BENEFICIARY a MINIMUM amount of money regardless of the balance in your

TRUST DEPOSIT ACCOUNT. As a Certified Public Accountant I have reviewed many good pension plans over the years and I find that this particular one is quite advantageous - especially for people who live in countries where the tax authorities use PROBATE as an excuse to collect heavy fees and taxes from Beneficiaries. Such unpleasantness can be avoided under our program. Any money in your TRUST ACCOUNT goes to your BENEFICIARY without the difficulty of a WILL or the intrusion of tax authorities. This means more money for your BENEFICIARY and, perhaps most important, PEACE OF MIND for both you and your Beneficiary."

c. A check from Bedwell made payable to WORLD EXPERT for \$120 and a check from Bedwell to OLD AMSTERDAM for \$500 were deposited into back accounts controlled by the co-schemers of SONNY VLEISIDES.

12. When interviewed, the following individuals, who are named along with some of the victims discussed above in the mail fraud counts of the indictment, related similar information regarding being victimized by the scheme: Donald Thompson, Fred Phipps, John Smith, Fred Mars and Lucille Giles.

13. In furtherance of the scheme to defraud, the following mailings, among many others, were sent by the companies run by SONNY VLEISIDES and his co-schemers, to victims of the scheme:

a. On March 8, 2002, The Shamrock Agency sent a letter through the U.S. mails with a sweepstakes solicitation to victim Paul Greven. The mailing detailed the alleged winnings of a man who participated in the sweepstakes. This letter forms the basis of the mail fraud charge in count one of the indictment.

b. On March 18, 2002, World Expert Fund sent a letter through the U.S. mails to victim Lucille Gilles, welcoming her to the German lottery. This letter

forms the basis of the mail fraud charge in count two of the indictment.

c. On March 19, 2003, Old Amsterdam Gold Reserve Trust sent a letter through the U.S. mails to victim Lucille Gilles, regarding her supposed participation in their pension pool. This letter forms the basis of the mail fraud charge in count three of the indictment.

d. On July 31, 2004, World Expert Fund sent a letter through the U.S. mails to victim Betty Bedwell, acknowledging a previous "investment," and inviting her to invest more money. This letter forms the basis of the mail fraud charge in count four of the indictment.

e. On April 25, 2005, a mailing regarding the Bunder Pro lottery was sent through the U.S. mails to victim Betty Bedwell, confirming her supposed purchase of a ticket. This letter forms the basis of the mail fraud charge in count five of the indictment.

f. On April 25, 2005, Global Search Network sent a letter through the U.S. mails to victim Fred Phipps, which included alleged opportunities to purchase "positions" in the El Gordo lottery of Spain, and containing what appears to be a check. This letter forms the basis of the mail fraud charge in count six of the indictment.

g. On August 9, 2005, World Expert Fund sent a letter through the U.S. mails to victim Lucille Gilles, falsely claiming that the Australian government was awarding a cash rebate. This letter forms the basis of the mail fraud charge in count seven of the indictment.

h. On May 17, 2006, World Expert Fund sent a letter through the U.S. mails to victim Don E. Thompson falsely claiming that the Australian government was awarding a cash rebate. This letter forms the basis of the mail fraud charge in count

eight of the indictment.

i. On May 23, 2006, World Expert Fund sent a letter through the U.S. mails to victim Don E. Thompson, offering him the purported opportunity to purchase lottery tickets. This letter forms the basis of the mail fraud charge in count nine of the indictment.

j. On May 31, 2006, World Expert Fund sent a letter through the U.S. mails to victim John R. Smith regarding his supposed purchase of 1/2 of a ticket in the Euro Pro lottery and inducing him to purchase more. This letter forms the basis of the mail fraud charge in count ten of the indictment.

k. On June 23, 2006, Global Search Network sent a letter through the U.S. mails to victim Fred Mars regarding his alleged purchase of positions in the "El Gordo" lottery. This letter forms the basis of the mail fraud charge in count eleven of the indictment.

#### Non-Victim Witnesses

14. When interviewed, Michael Bolger stated that Unit C12 Smithstown Industrial Estate (same address from which lottery letters were sent to victim Enge) was a mailing address he operated for a lottery based in the United States called the SHAMROCK AGENCY. The SHAMROCK AGENCY also used a mailing address in Limerick, Ireland and the address of 43 Cill Chais, Shannon, Co Clare, Ireland. Bolger collected the mail at the mailing addresses and then forwarded it in a sack to an address in Holland. Bolger received payment for his forwarding via Western Union. As far as Bolger knew, the people who operate the business in the USA are William Cloud and Scott Henry Walther.

15. Interviews of Bernhard Von Kleef and William Finlayson were done in

Amsterdam relating to the addresses there to which victims had sent money for the lottery. When interviewed, Bernhard van Kleef stated that he rented a room to a man named Thomas McGovern. McGovern received mail there under the business name World Wide Expert. He met McGovern through William Cloud, who owned a bar called Flying Dutchmen and also owned the business World Wide Expert. Van Kleef also said that he worked for Cloud as a chauffeur, picking up bags of mail which Cloud took home and sorted.

16. When interviewed, William Finlayson stated that in 2001, William Cloud rented a postbox from him. Cloud told him that he had a business named World Wide Express or possibly Expert that had something to do with lotteries. He explained that people sent Cloud checks and he filed Lotto numbers.

17. When interviewed, Dave Bunch, who works for the US Post Office in charge of bulk mailing in West Plains, Missouri, stated that had worked at this Post Office since before 1986. Bunch knew PJ Swink by sight as a customer and member of the community. Bunch knew that PJ Swink operated a bulk mailing business. For about two or three years, PJ Swink had purchased more than 2000 first class stamps every two weeks. Bunch also saw PJ Swink pick up sixty 2-foot letter bins every two weeks. Each bin can hold 500 letters and is used in bulk mailings. Although Bunch has seen PJ Swink pick these up, he has not seen her drop them off at the West Plains, Missouri, Post Office. Letters being delivered to the West Plains Post Office would be postmarked Springfield, Missouri. If a person wanted a letter to have a postmark from Little Rock, Arkansas, the person would have to drop off the letter only about 50 miles south of West Plains. If a person wanted a letter to have a postmark from St. Louis, Missouri, the person would have to drop off the letter about 80 miles

north or east of West Plains, Missouri.

18. When interviewed, PJ and Michael Swink stated the following:

a. PJ Swink stated that her company, Western Internet, worked for Sonny VLEISIDES. The work PJ Swink did for VLEISIDES included printing as well as stuffing and mailing envelopes. VLEISIDES gave her instructions regarding the preparing, printing, and mailing of lottery solicitations. Western Internet had done this work for VLEISIDES, or his father, "Rex Rogers," since 1993. Since 2000, all of the work PJ Swink had done for VLEISIDES and "Rex Rogers" had been related to the lottery.

b. PJ Swink was unaware of the exact name of VLEISIDES' company, because it has had multiple names over the years. Based on conversations and other communications with VLEISIDES over the years, she believed "The Shamrock Agency" and "World Expert" were companies related to VLEISIDES. She believed VLEISIDES also used the name "Atlas Informaticos." Michael Swink stated that VLEISIDES told him that VLEISIDES was a licensed broker for these companies in Europe. PJ Swink and Michael Swink have met VLEISIDES in person.

c. PJ Swink provided a business card with contact information for VLEISIDES. The information on the card said "SONNY VLEISIDES." The address was in Costa Rica. The email address was sonny@lfcity.com. However, PJ Swink later identified a further email address for VLEISIDES of sonny@atlasinformaticos.com.

d. PJ Swink identified some of the letters described in the victim section above as items she had printed and prepared for mailings upon VLEISIDES' direction. In addition to those samples, PJ Swink identified jobs being prepared for VLEISIDES at the time the search warrants were executed. The items identified by PJ Swink as being prepared for VLEISIDES are described at paragraph 26, d., iv. below.

In addition, PJ Swink identified the instructions described at paragraph 26, d., i. below as having been provided by VLEISIDES.

e. VLEISIDES sent PJ Swink the printing directions for the mailings along with specific directions on how to mail the items. VLEISIDES wanted mailings to be sent from larger towns, such as Little Rock, Arkansas, or St. Louis, Missouri, as opposed to a smaller town like West Plains, Missouri. VLEISIDES told PJ Swink that if the solicitations were mailed from a larger city it increased the chance of the recipient opening the envelope. PJ Swink was instructed to find someone to take the mail to these larger cities for postmark, and she hired a man named Leslie Wilbanks to mail the solicitations.

19. When interviewed, Janis Desrosiers stated that she worked for Henry Walther beginning in 1998 and ending in 2002. As part of her job, she opened bank accounts in the name of World Expert Fund and North American Foreign Payment at US Bank. She knew that these accounts were being opened for Henry Walther's clients, who included Dennis, Rex, Bill and Sonny. She met these clients prior to 1998 during a trip to Costa Rica with Henry Walther, but did not know their last names. Desrosiers stated that the companies were actually owned by Rex, Sonny and Dennis, but Sonny and Rex ran the operation.

20. Henry Walther, who has pled guilty to one count of mail fraud and one count of money laundering and is cooperating with the United States government, stated the following when interviewed:

a. Henry Walther explained that the main people involved in the lottery were Houston, VLEISIDES, and Dennis Emmett. The business started with Houston and Emmett. Houston was the principal behind it. Cloud is Houston's brother or half-

brother, and lives in Amsterdam. About five years ago, Houston and Dennis Emmett got into an argument and split their businesses. Then, Houston and VLEISIDES got into an argument, and VLEISIDES took over the business.

b. For the last five to ten years, Henry Walther has been working as an accountant/banker and attorney for VLEISIDES and Houston, who he also knows as "Rex Vleisides" and "Rex Rogers." Henry Walther explained that VLEISIDES and Houston resided in Costa Rica. Henry Walther explained that Houston and VLEISIDES operated a mail solicitation business involving foreign lotteries and horse racing. Two of the companies they use were The Shamrock Agency and World Expert Fund. Houston and VLEISIDES instructed Henry Walther to open and maintain bank accounts in the United States because the banking system was too slow in Costa Rica.

c. Henry Walther explained that he received DHL and Federal Express packages full of checks from individuals that were sent from Costa Rica and Amsterdam. The packages sent from Costa Rica were for VLEISIDES' business and the packages from Amsterdam related to Dennis Emmett's business. The packages from Amsterdam came from William Cloud. Henry Walther, or his daughter Kristin Walther, then deposited the checks from Costa Rica and Amsterdam into bank accounts in his name that he opened for VLEISIDES and Houston in the United States. Henry Walther said he knew that these checks were from individuals playing the lottery. As part of his responsibilities, he disbursed funds to people as instructed by VLEISIDES or Houston via wire transfers and checks from the accounts. He also prepared daily balances taking into account deposits and disbursements. Other disbursements for winners were made from accounts he and Scott Walther, Henry Walther's son, established in the name of EU Payment and North American Payment. These were

used to pay winners of the lotteries. These payments were for \$3.00-\$100, and once in a while as high as \$250. Henry Walther explained that the money for these payment accounts came from transfers made possible from the checks he had been sent from Amsterdam and Costa Rica. As part of his job he transferred money to his wire account which was used to wire money to VLEISIDES and Houston or others upon their direction. Henry Walther stressed that the money in this account belonged to his clients, not him.

d. Henry Walther also explained that, as the attorney for World Expert and Shamrock Agency, he was instructed to respond to complaints from Attorney Generals Offices and customers. Henry Walther said he was instructed to simply handle them and make them go away. He usually handled them by giving the customers their money back.

e. Henry Walther identified samples of solicitations obtained from victims as belonging to VLEISIDES. Those included Old Amsterdam Trust and Mutual Medical Insurance Trust.

f. Henry Walther said he reviewed solicitation letters sent to him by PJ Swink. One letter stated "For the first time in German History, the German Lottery Commission Trust has decided to sponsor a lottery cash rebate program . . . GERMAN GOVERNMENT WANTS TO HELP MAKE YOU MY FUTURE WINNER! . . . With such a positive turnover, even under the worst conditions, you are almost guaranteed to win money . . . Warmest regards R.L. DOORNE." Attached to the letter was what appeared to be a check but above the attachment was the phrase "Do not deposit this check in an American bank. The rules of this promotional cash award require you to endorse the check and include it with the balance of \$27.82." Another letter read "As a

US CLAIMANT your quick action has brought you this UNCLAIMED PRIZE check for \$10.00 dollars. . . ." Attached at the bottom was what appeared to be check but was not. In small letters was the phrase "Do not deposit in an American bank."

g. Henry Walther stated that the clients, including Houston and VLEISIDES, hired Desrosiers. Henry Walther instructed Desrosiers on how to handle the bank accounts and related matters.

21. Glenda Emmet, when interviewed, stated the following:

a. Emmett was the owner of Astro Computer, which operated a mail list business. This included maintaining lists and preparing the letters to be mailed out by a mail house.

b. For five or six years, her only customer was Global Search Network, which was run by her ex-husband, Dennis Emmett. Dennis Emmett is now in prison in Costa Rica for murder, but was still issuing instructions to her from prison. Before she worked for Global Search Network, she worked for World Expert Fund. That company was owned by VLEISIDES. Her ex-husband, Dennis Emmett, worked with World Expert Fund for some time in Costa Rica.

c. Henry Walther was also involved with World Expert Fund.

d. After working for VLEISIDES and World Expert Fund, Dennis Emmett started working for Global Search Network. Emmett said that the solicitation letter Dennis Emmett used for Global Search Network was originally provided by VLEISIDES for World Expert Fund.

e. Houston is VLEISIDES' father.

f. Emmett explained that responses to the solicitations were sent to Amsterdam. After being sent to Amsterdam, checks sent in response to the

solicitations were sent to Henry Walther. Cloud was the contact person in Amsterdam.

Bank Record Evidence

22. An analysis was done on approximately twenty of the bank accounts established in the United States at the direction of VLEISIDES and his co-schemers. The analysis revealed, in summary, that the victims' money was first deposited into accounts established by the co-schemers at numerous banks in accounts with names that sound like official lotteries: SHAMROCK AGENCY, WORLD EXPERT, OLD AMSTERDAM, GERMAN SWISS, and EUC. (Hereinafter, accounts at this first layer will be referred to as "Deposit Accounts.") The co-schemers obtained over \$19 million from tens of thousands of victims and deposited them into these accounts. After the co-schemers deposited the victims' money into the Deposit Accounts, they transferred the money to the next layer of accounts, hereinafter referred to as "Payment Accounts." These accounts were in names that included NORTH AMERICAN PAYMENT and EU PAYMENT SERVICE. From the Payment Accounts, the co-schemers wrote checks represented as winnings and sent them back to the victims. The amount of the alleged "winnings" was far less than the amount the victims sent in – for the over \$19 million going into the accounts from victims, only approximately 20% was sent back to victims in the form of "winning" checks. The co-schemers transferred some of the money from the Deposit Accounts and Payment Accounts to the next layer of accounts, which will hereinafter be referred to as "Syphon Accounts." The co-schemers wrote checks (or used wire transfers) from the Lottery Accounts and the Payment Accounts to the Syphon Accounts, which were in names that included WESTERN INTERNET, BUTTERFIELD, CARNEGIE and HENRY WALTER ATTORNEY WIRE ACCOUNT. Money from the Syphon Accounts was used to continue the scheme by paying scheme

expenses, as well as to provide benefits to the co-schemers. The co-schemers also took money at each layer in the form of checks to cash, checks to themselves, or checks to the payment of personal or scheme expenses.

23. The analysis revealed no payments going toward the purchase of lottery tickets, and no money coming into the accounts from anything appearing to be lottery winnings. Moreover, there were no accounts set aside as pension or insurance deposit accounts as the victims were led to believe.

24. The transactions described in the money laundering counts were made from accounts into which the proceeds of mail fraud were deposited. The accounts involved in the money laundering counts are as follows:

- a. Wells Fargo Bank account number XXXXXX1687, in the name of North American Foreign Payment, with a signor of co-defendant Scott Walther.
- b. Citibank account number XXXXXXXX4884, in the name of European Union Fulfilment, with a signor of Henry Walther.
- c. Citibank account number XXXXXX4990, in than name of World Expert Fund, with a signor of Scott Walther.
- d. Encino Bank account number XXXXX8795, in the name of Old Amsterdam Trust, with a signor of Scott Walther.
- e. Bank of America account number XXXXXX3386, in the name of Global Search Network, with a signor of Henry Walther.
- f. Georgia State Bank account number XXX6927, in the name of Euro American Fax, with a signor of William Cloud.
- g. US Bank account number XXXXXXXX5188, in the name of The Shamrock Agency, with a signor of Henry Walther.

25. The transactions described in the money laundering counts furthered the scheme as follows:

a. The two checks described in counts 12 and 13 of the indictment were written on Wells Fargo Bank Account number XXXXXX1687 by Scott Walther, the check described in count 16 of the indictment was written on Encino Bank account number XXXXX8795 by Scott Walther, the check described in count 17 of the indictment was written on Citibank account number XXXXXX4990 by Scott Walther, and the check described in count 23 of the indictment was written on US Bank account number XXXXXXXX5188 by Henry Walther, all to Western Internet Specialty Group as payments to PJ and Michael Swink for the mass mailing of fraudulent lottery letters;

b. The two checks described in counts 14 and 18 of the indictment were written on Citibank account number XXXXXXXX4884 by Henry Walther as payments to Herb Madsen, who also performed mass mailings of fraudulent lottery letters for the co-schemers;

c. The check described in count 15 of the indictment was written on Citibank account number XXXXXXXX4990 by Scott Walther to Jenill Nettleton for her services as an employee of Henry Walther, who handled banking for the co-schemers;

d. The check described in count 19 of the indictment was written on Georgia State Bank account number XXX6927 by William Cloud to Astro Computer Service for Glenda Emmett for mailing of fraudulent lottery letters and computer services relating to victim lists;

e. The check described in count 20 of the indictment was written on Bank of America account number XXXXXX3386 by Henry Walther to James Elliott for mailing and printing of fraudulent lottery letters;

f. The check described in count 21 of the indictment was written on Georgia State Bank account number XXX6927 by William Cloud to Picasso Press for printing of fraudulent lottery documents;

g. The check described in count 22 of the indictment was written on US Bank account number XXXXXXXX5188 by Henry Walther to Wits End Delivery Service for the service that took the mail from PJ and Michael Swink's establishment to larger cities for mailing, at the direction of VLEISIDES.

Search Warrant Evidence

26. On July 6, 2006, several search warrants were executed at addresses in California, Georgia, and Missouri. The searches yielded the following evidence, as well as other information:

a. A computer belonging to co-schemer Scott Walther contained documents and emails involving the scheme. The emails were between VLEISIDES and co-schemer Henry Walther and Scott Walther. Some of the emails were addressed to "Sonny" with an email of [Sonny@atlasinformaticos.com](mailto:Sonny@atlasinformaticos.com) (identified as VLEISIDES' email address by other participants in the scheme, while others were addressed to "Sonny Vleisides" with the same email address. Specific examples of documents and emails are as follows:

i. A word processing document stating: "This is a fraud that has been going on for many years. Millions of dollars have been stolen from people that cannot afford it. The mailings originate from Little Rock, AR-cancelled at 722. The mail then goes to . . . Amsterdam in the Netherlands. From there it is sent by DHL to . . . Costa Rica. Atlas Informaticos to be held for pick up at the DHL office... The master mind behind this scam is James Ray Houston apx. 60 years old. He gained fame in

1974 when he ran for Governor in Nevada. His accomplice is Sonny Vleisides apx. 30 years old. Both from Kansas City originally . . . . However, these guys are very slick and try very hard not put their names on anything. A Russian by the name of Mikhsil Larguine has been used as Houston's front man for most of the 10 years plus that Houston has been in Costa Rica. Houston has used many aliases over the years. Rex Rogers was the longest lasting . . . ."

ii. An email dated November 1, 2002, from Henry Walther to Sonny at an email address of [sonny@atlasinformaticos.com](mailto:sonny@atlasinformaticos.com) with a "cc" to Scott Walther, shows a thread of discussion regarding establishing a new bank account and company offshore since accounts were being closed in the United States. At one point Henry Walther asks VLEISIDES "What goals do you want to accomplish by getting the accounts offshore. I think it is to keep the account from being shut down by the US banking system. Any other goals?" VLEISIDES responds saying "The only objective is to have an account with less vulnerability from any US authority. Also depending on how the account works for the Mexican bank-it may be more difficult for the bank to deal with canceling an account that's co-mingled with all their other accounts in the US-because it's all really just one account to them." In an earlier thread, Henry Walther had written: "Dear Sonny: Today Scott set up a new EU American Payment Services account at Union Bank. I will get the information to you tomorrow, but since PJ [Swink, a participant in the scheme, as described above] has Scott's facsimile signature and also the Union Bank has been handling the North American account, it should be easy to set up once she has the account number."

iii. On February 13, 2003, an email was sent from VLEISIDES with an email of [sonny@atlasinformaticos.com](mailto:sonny@atlasinformaticos.com) to Henry Walther that read, "Here they

are: 1. \$7,500- Rex 2. 7,945- Atlas (Cuscatlan) 3. \$4,723- Servicios 4. Legal." The response to the above email was on February 14, 2003, and read: "Dear Sonny: These wires are all out today. Hank."

iv. On March 31, 2003, an email was sent from Henry Walther to VLEISIDES, with an email address of [sonny@atlasinformaticos.com](mailto:sonny@atlasinformaticos.com). It reads, "Dear Sonny: Scott and I were in Mexico again today trying to finish the accounts." This email also mentioned that "Funds had to be again advanced from WEF cover."

b. A search of the office of Henry Walther, yielded evidence such as the following:

i. Printouts of regular emails from and to "Sonny Vleisides:[sonny@atlasinformaticos.com](mailto:sonny@atlasinformaticos.com)" from Henry Walther and Scott Walther were found for dates from 2004 through June 2006. Many of the emails listed what appeared to be daily account balances for lottery accounts. Accounts included "Shamrock Agency, WEF, Mutual Medical, Old Amsterdam, "NA-U", "SA-U", and "EU-U."

ii. In addition to the account balances were notes giving Henry Walther specific instructions regarding the accounts. For example, on July 26, 2003, VLEISIDES instructed Henry Walther to send money to Connie and Gabriel Vleisidies. Others were instructions or clarifications.

iii. A blue folder labeled "Outgoing Wire Transfer Forms" from the Henry W Walther Wire Account, containing four paper-clipped piles of copies. A memo was attached to each pile which read "Dennis Pile" "Sonny's Forms", "Bill Pile" and "Rex Pile."

iv. A printout of an email dated March 24, 2002, from Rex

Rogers with an email address of [rex@lfcity.com](mailto:rex@lfcity.com) to Henry Walther. The email read, "Here are the instructions to send to Mike's account through the Florida bank agency. Keep this because . . . this is where I need the funds wired when you them. I need three separate accounts with different account names . . . do not use German Swiss." The email then listed account information for the sub account name Mikhail Larguine.

v. A printout of an email dated June 16, 2006, from VLEISIDES with an email address of [sonny@atlasinformaticos.com](mailto:sonny@atlasinformaticos.com) to Henry Walther and Scott Walther. The email states "There is \$52,875.74 in these two packages. Next week should be about the same, then a lower and then a really healthy surge. Package #1, DATE SEND: 6/16/06, TRACKING NUMBER: FEDEX 8571-4757-6950, 460 checks - \$25,487.52 PACKAGE#2, DATE SEND" 6/16/06, TRACKING NUMBER: FEDEX 8571-4756-6949, 560 checks - \$27,388.22. S".

vi. A second email dated June 23, 2006, with the same information above but listing three different packages with FEDEX tracking numbers for a total of 955 checks totaling \$52,442.31.

c. At an address in Georgia that was under the control of co-schemer William Cloud through a woman named Mary McRae, relevant evidence including the following was found:

i. Thousands of credit card "Mail Order Forms" that listed names and credit card numbers. On the bottom of many of the forms was "Euro American."

ii. Western Union receipts for money wired by McRae, in Georgia, USA, to "Sonny Velisides" in Costa Rica. The dates and amounts were as follows: August 11, 2004 - \$2200, August 5, 2004 - \$1200, July 9, 2004 - \$3300, July 2,

2004 - \$2000, and June 24, 2004 - \$2000.

iii. A DHL package dated August 26, 2004, sent from Atlas Informaticos in Costa Rica to Mary Mcrae. Inside the package were numerous completed "Mail Order Request Forms" containing authorizations to charge credit cards. Included on the forms was a list of names, amounts, and credit card numbers. The bottom of the slip states "This charge will appear on your bill as: EURO AMERICAN." These forms were banded in eleven separate piles that were totaled with memo notes attached. The notes had totals and batch dates in addition to phrases like "WEF [World Expert Fund] Amsterdam" and "WEF New York."

iv. A DHL package dated September 21, 2004, sent from Atlas Informaticos in Costa Rica to Mary Mcrae. Inside the package were numerous completed "Mail Order Request Forms" containing authorizations to charge credit cards. Included on the forms is a list of names, amounts, and credit card numbers. The bottom of the slip states "This charge will appear on your bill as: EURO AMERICAN." These forms were banded in eight separate piles that were totaled with memo notes attached. The notes had totals and batch dates in addition to phrases like "WEF Amsterdam."

d. At a facility located in Missouri, which was under the control of PJ and Michael Swink, who participated in the scheme, as further described below, evidence such as the following was found:

i. Printouts of instructions for how to print and prepare solicitations for mailing. These instructions had titles including "Irish Sweepstakes", "EI G Payout", "Bundershmidt", "Medical Dividends Payout" and "RL Doorne."

ii. Printouts of two emails dated July 26, 2003, from

sonny@atlasinformaticos.com to P.J. These emails were requests to send checks to Connie Vleisides, and Gabriele Vleisides, both in Kansas City, Missouri.

iii. An email dated June 21, 2001, to "rexx. Et al" with an email address of rex@lfcity.org from William C with an email address of williamc@lfcity.com. The email states "Here are two set's addresses that will rotate every 6 weeks." The addresses were all in Amsterdam and appeared to be mail drops in Amsterdam from William Cloud.

iv. Solicitations to thousands of individuals all over the United States that had been prepared and were ready to be mailed. These solicitations were in various stages of completion. Samples were taken of the solicitations. They had names including Irish Sweepstakes , El Gordo Lottery, and Old Amsterdam Trust.

27. SONNY VLEISIDES is a United States citizen born on February 21, 1971, in Las Vegas, Nevada. He is a white male, who is 1.8 meters tall and was last known to weigh approximately 70 kilograms. He has black hair and hazel eyes. He was issued a United States passport, number 701797046, on May 23, 1989, in New Orleans, Louisiana.. A photograph of VLEISIDES is attached as Exhibit 1 to my affidavit.

28. Henry Walther has identified the photograph attached as Exhibit 1 to this

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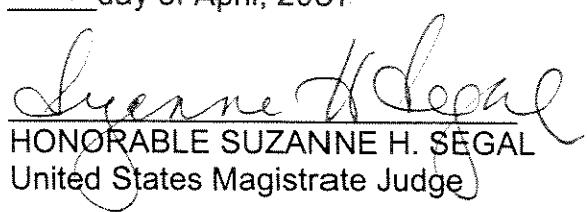
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affidavit as being a photograph of the same SONNY VLEISIDES who ran the fraudulent lottery scheme discussed in this affidavit.



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Timothy Nugent, Special Agent  
Internal Revenue Service –  
Criminal Investigations Division

Sworn to and subscribed before me this 9 day of <sup>MAY</sup> April, 2007



HONORABLE SUZANNE H. SEGAL  
United States Magistrate Judge